THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

ANNUAL REPORT 1965

RETURN TO
ERNST & ERNST
~~NATIONAL LIBRARY~~
CLEVELAND
OCT 3 - 1966

mek

BOARDS
652.0973
C333A

CENTRAL RAILROAD COMPANY
OF
NEW JERSEY

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

DIRECTORS

The Central Railroad Company of New Jersey

*Earl T. Moore, *Chairman*
Victor G. Aubry, Jr.
*Charles E. Bertrand
*Revelle W. Brown
Irving N. Like
Robert B. Meyner
H. Merle Mulloy
*Fred N. Oliver
*Perry M. Shoemaker

**Member, Executive Committee*

Central Railroad Company of Pennsylvania

Victor G. Aubry, Jr.
Revelle W. Brown
E. Paul Gangewere
R. F. Hogan
John W. Kress
Irving N. Like
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker

GENERAL OFFICES

JERSEY CENTRAL TERMINAL
JERSEY CITY, N.J. 07302

Lehigh and New England Railway Company

Victor G. Aubry, Jr.
Revelle W. Brown
E. Paul Gangewere
R. F. Hogan
John W. Kress
Irving N. Like
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker

Wharton and Northern Railroad Company

James L. Barngrove, Jr.
Jack A. Craddock
John E. Logan
Alfred J. Mackin
Perry M. Shoemaker

Jersey Central Transportation Company

James L. Barngrove, Jr.
Jack A. Craddock
Perry M. Shoemaker
Richard B. Wachenfeld

OFFICERS

PERRY M. SHOEMAKER
President
JAMES L. BARNGROVE, JR.
Vice President — Freight Traffic
JACK A. CRADDOCK
Vice President and General Manager
RICHARD B. WACHENFELD
Vice President and General Counsel
JAMES H. MacANANNY
Manager of Transportation
ROBERT FREDERICKSON
Comptroller
ROBERT E. TESTON
Secretary and Treasurer
BERNARD J. MINETTI
Chief Engineer
HAROLD C. TUNISON
Superintendent, MP&RE
WARREN W. BOYCE
Purchasing Agent
ROBERT G. HAMLIN
Property Manager
FRANK W. MAHONEY, M.D.
Medical Director

FINANCIAL SUMMARY OF 1965

Income

	1965	1964
Receipts from freight, passenger and miscellaneous operations	$ 53,810,824	$ 50,782,698
Other income (net)	1,391,354	2,087,773
Total income	$ 55,202,178	$ 52,870,471

Expenses

	1965	1964
Cost of maintaining and operating the property	$ 46,554,723	$ 46,913,452
Taxes	5,481,183	5,599,426
Hire of equipment and joint facilities	4,942,178	3,865,959
Fixed charges	4,927,545	4,781,229
Total costs	$ 61,905,629	$ 61,160,066

	1965	1964
Net Loss	**$ 6,703,451**	**$ 8,289,595**
Adjustments to determine "available net income" as required by the trust indenture:		
Elimination of amounts charged to operating expenses for ledger value less salvage of property retired and not replaced	$ 131,090	65,385
Elimination of L. &N. E. Ry. Net Income not includible in determining "available net income"	(79,036)	(65,395)
Elimination of profit from the sale of meadowland properties credited to income and deposited with the mortgage trustee*	280,209	869,618
"Available net income" deficit from prior years	38,134,693	29,106,260
"Available Net Income" (Deficit)	**$(44,908,227)**	**$(38,134,693)**

Capital Fund

	1965	1964
Amount in Capital Fund at close of year	none	none

* Under the provisions of the Sixth Supplemental Mortgage, there shall be deducted from consolidated income, so much thereof as results from the sale of meadowland.

(B/D sent up)

OCT - 7 1966 Co g

CENTRAL RAILROAD COMPANY
OF
NEW JERSEY

To Stockholders:

The Central Railroad Company of New Jersey's net loss of $6,703,451 last year was 19% lower than the 1964 deficit of $8,298,595. Total revenues improved 6%, climbing from $50,782,698 in 1964 to $53,810,824 in 1965. Despite a continuing increase in wage costs, operating expenses declined 1%, with the ratio of operating expenses to operating revenues improving from 92.4% in 1964 to 86.5% in 1965. The improvement in net revenue of $3.4 million was partially offset by an increase in equipment hire of $1,083,051 and a decline of $872,225 in miscellaneous income, principally from the sale of property.

Unlike 1964, no government loans were available in 1965 to augment inadequate freight earnings as an offset to continuing passenger losses and the highest State taxes in the Nation. Accordingly, the Company's cash position continued to worsen and an increase in commuter contract payments from the State of New Jersey was the major factor in enabling the Railroad to meet its heavy year-end obligations.

The intensified freight solicitation, made possible by expansion of the Central Railroad's Freight Traffic Department, reflected a 5% increase in freight revenue in spite of a decline of 9% in revenue from anthracite coal. Revenue from bituminous coal decreased 2%. The improvement in 1965 came from an 8% increase in shipments of general merchandise and an increase in piggyback handling of 36% over the previous year. This improvement in freight carloadings was particularly encouraging in view of the adverse effect of the 1965 six-week-long longshoremen's strike and the extended tie-up of American flag Merchant Marine vessels.

The Central Railroad of New Jersey was among the six out of seven nearby railroads which achieved an increase in operating revenues in 1965, but it was one of the two railroads that did so while decreasing its operating expenses. This result required intensive supervisory work. The total employee force was reduced to slightly over 4,200 but the payroll costs increased $1,202,038 compared with 1964, primarily because of wage increases.

Passenger revenues, excluding State aid, declined from $6,291,276 in 1964 to $5,451,439 in 1965, largely because of the complete elimination of U. S. mail handling on this Railroad at the end of June. The net loss in passenger service, however, decreased by $1,280,123, due to increased State participation in passenger deficits. Income from passenger service contracts attributable to calendar year 1965 amounted to $3,678,057, or $1,535,589 more than in 1964. The ratio of State aid accrued towards passenger losses rose from 34% in 1964 to 56% in 1965. I have informed the State that higher wages and the loss of mail will push Central Railroad's losses incurred in rendering this public service to approximately $7.3 million in 1966. The Central Railroad will need substantially full reimbursement of this loss by the State if the Company is to pay its taxes and meet other obligations.

I cannot over-emphasize the importance to the Central Railroad's future of the rapidly emerging policy of the State of New Jersey that its public interest and responsibility is to assume losses necessary for essential commutation service. Of further encouragement is increasing recognition that taxation of railroad property in New Jersey is at a level that interferes seriously with the industry's ability to serve the economy of the State. The Central Railroad has suffered an eight-year loss of almost $45 million. During this same period the losses incurred in the public service of carrying commuters, after State contract aid, *and without computing into those losses any proportion of the Railroad's general fixed charges, came to approximately $46 million and the Central Railroad paid taxes to the State of $25 million. Without the burden of passenger losses, and with taxes at approximately the level now being recommended by the State Tax Policy Commission, the Central Railroad would have experienced an overall net income, and the attrition of cash that so handicaps this Railroad's operation at the present time would have been avoided.*

There are encouraging indications that the State, in the interests of its own economy, is recognizing the need for substantial tax relief. Class I and Class III railroad taxes are being eliminated, effective in 1966. This will reduce Central Railroad's tax bill for 1966 by approximately $550,000. At the turn of the year, the State Tax Policy Commission recommended substantial reduction in Class II taxes. This recommendation, if implemented, would reduce the total Central Railroad tax bill, before elimination of Class I and Class III taxes, by about 46%. If this recommendation is acted upon favorably by the Legislature and the Governor, railroad taxation in New Jersey will be brought to a level more consistent both with policies of other States and with economic reality. Such action is of the utmost urgency.

A third area of State activity concerns the Aldene Plan, designed to increase the efficiency, and thus decrease the cost, of service for Central Railroad mainline and both Central Railroad and Pennsylvania Railroad shoreline commuters. Together, the State of New Jersey and the Federal Government will invest almost $10 million in this program to coordinate Central Railroad service with the cross-Hudson Tubes now operated by the Port Authority as PATH and this latter agency is investing additional funds for improvements related to the Plan. It now appears that it will become operative late in 1966. Eventual savings to the Central Railroad will amount to approximately $1.5 million a year, but will not be fully realized until 1969 because of job protection payments to affected employees.

Within its very limited resources, the Central Railroad is making every effort to help itself. Recognition of the Company's adverse car-hire situation, with more than 20% of Central Railroad freight cars in bad order, resulted in the inauguration in the last two months of 1965 of a "bootstrap" car repair program involving the sale and repurchase of a number of cars to raise the cash to repair an estimated 1,600 bad-order cars. This program is designed to improve Central Railroad equipment rentals by not less than $300,000 in 1966.

In May, Central Railroad took delivery of 12 modern 2,500-horsepower freight locomotives, with a down payment consisting of the turn-in of 20 older units; savings in maintenance and fuel consumption are substantially in excess of annual payments.

A planned coordination with the Lehigh Valley Railroad that went into effect on November 1, 1965, will result in an estimated $300,000 of annual savings to the Central Railroad, and supply rail and ties for re-use from 27.6 miles of track.

Despite continuing uncertainty as to title rights on the Company's Meadowland property, 1965 saw a significant interest in industrial development. During the year, some 31 new industries, with a traffic potential of more than 8,500 carloads, decided to locate on Central Railroad lines.

The Central Railroad's coal handling facilities at Pier 18 were improved by increasing its accessibility for deeper-draft barges. Plans for further modernization of Pier 18 have been completed and are dependent on securing required capital.

Single-track operation was initiated on April 28th between Hampton and Phillipsburg, *N. J., as a first step toward eventual centralized traffic control between Raritan and Phillipsburg.*

The Norfolk & Western and Chesapeake & Ohio railroads have applied to the Interstate Commerce Commission for authority to merge, and have indicated their willingness to include in their merger, as a part of a great railroad system to compete with the proposed Penn-Central combine, five other Eastern railroads, including the Central Railroad. (The others are: Boston & Maine, Delaware & Hudson, Erie-Lackawanna and Reading.) Their willingness to do so is conditioned by a requirement that these railroads be free from passenger losses, that N&W-C&O are able to benefit from the tax-carry-forward losses of the four deficit roads (the Delaware & Hudson has been making a profit) and that there be no substantial adverse change in the financial condition of the five railroads during the time intervening before the merger is approved. This proposal is described in more detail in the narrative section of this report. In February, the Central Railroad filed a petition for inclusion in the proposed N&W-C&O system. When and if actual terms of such inclusion are determined, stockholders will receive recommendations from the Board and be invited to a special meeting to consider the Central Railroad's position. Stockholders, in their own interest, should defer reaching any conclusions until they have had an opportunity to consider the Board's recommendations.

In the long term the Central Railroad's recovery clearly depends upon its ability to increase the current level of freight earnings. In the last decade, freight revenue has declined about 19% and labor costs, despite 39% fewer employees, are about the same. It is this squeeze, leaving Central Railroad with virtually no freight earnings before fixed charges, that has magnified the seriousness of passenger losses and State taxes; that has inhibited ability to make desirable capital expenditures; that has forced the railroad to defer maintenance; and that makes continuing efforts to reduce Lehigh & Susquehanna rental payments on Pennsylvania trackage so important.

Present freight volume does not represent a ceiling on Central Railroad's potential — but to increase it significantly will require even more intensive solicitation, the steady development of new on-line industries to make up for the long-term decline in coal shipments, and a program of modernization that will enable Central Railroad to compete in the new pattern of rail systems now developing and with highway competition. It is this latter need that makes merger so attractive.

In the short term, the future of the Central Railroad depends directly upon the expansion of New Jersey's passenger support policy and further revisions in the State's tax policy. If these actions are carried out, and are given continuity and stability — as I believe they will — the Central Railroad's potential as a strategically located freight railroad will be more fully realized.

I wish to express appreciation to the State of New Jersey for its wise policy and action in its passenger loss support program which has literally permitted the continuance of both passenger and freight service; to our customers for their valued and important patronage; to our employees for their loyal cooperation; and to our stockholders and investors for continued patience and support.

Sincerely,

March, 1966

TRAFFIC AND REVENUES

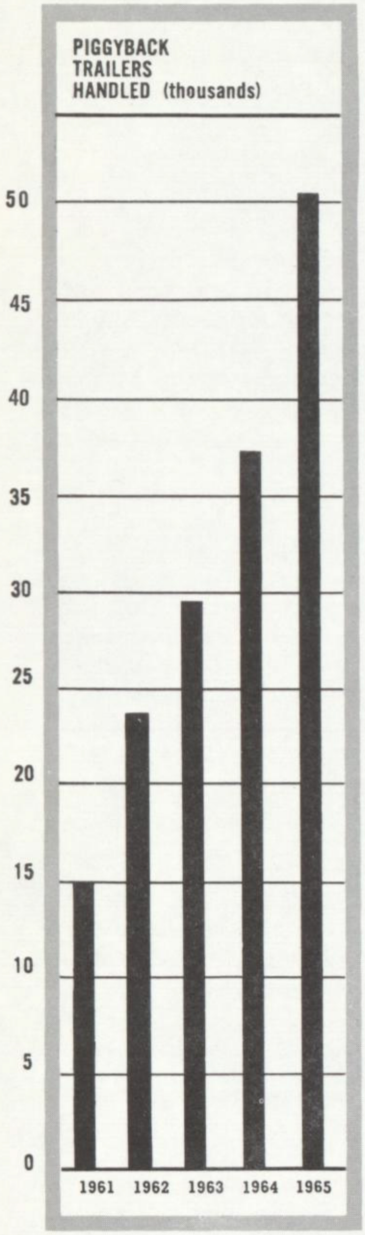
Freight

Revenue from freight traffic increased 5.2% from $40,462,206 in 1964 to $42,561,459 in 1965. Total carloads handled, both originated and/or terminated on line as well as overhead, totaled 678,104, an increase of 3.6% over 1964.

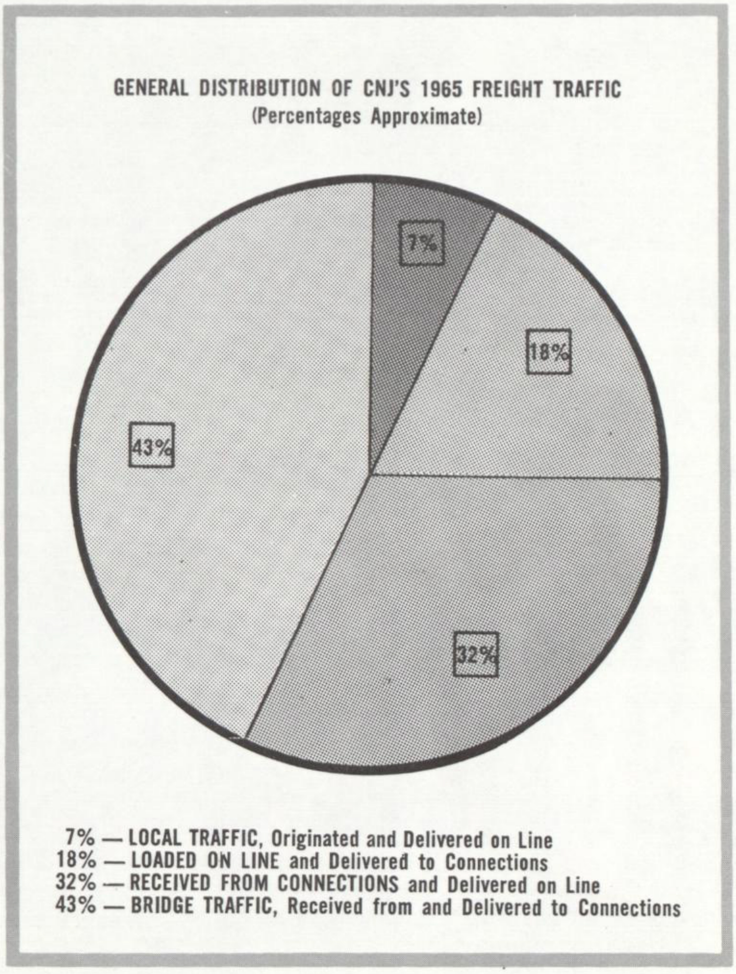
The revenue from anthracite coal totaled $3,119,300, a decrease of $323,600 or 9.4% under the previous year.

The principal decrease in anthracite was in domestic which is a reflection of the warmer weather and attrition of anthracite in the domestic heat market. CNJ's export anthracite held up very well, totaling 11,272 cars in 1965, a decrease of only 179 cars or a little over 1% under 1964. The total export anthracite market, however, showed a drop from 38,741 to 24,597 cars, a decrease of 14,144 cars under the preceding year. Practically all of this decrease occurred on traffic originating on other railroads.

The revenue from bituminous coal in 1965 totaled $5,969,205, a decrease of $120,706 or 2% under 1964. The principal reason for this decrease was that in 1965 a larger proportion of the procurement of coal for the public utilities in CNJ territory was from mining areas located on other railroads from which there were no routes via CNJ. The consumption was also adversely affected to some extent by a larger than normal proportion of the producing units of one of the utilities being closed down for repairs.



In 1965, CNJ handled 50,910 trailer loads of freight in piggyback service — an increase of 36% over 1964.


GENERAL DISTRIBUTION OF CNJ'S 1965 FREIGHT TRAFFIC
(Percentages Approximate)

The revenue from merchandise traffic for the year 1965 totaled $33,472,954, an increase of $2,543,559 or 8.2%. Increases occurred principally in chemicals, cement, ore and iron and steel articles.

Piggyback traffic continued to show a strong upward trend. In 1965, a total of 50,910 trailers were handled, an increase of 13,591 trailers or 36% over 1964.

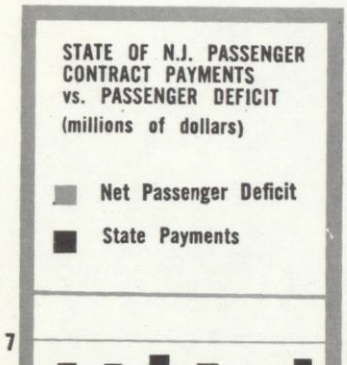
In general, carloadings on-line show a better improvement than traffic received from connections. For the year 1965, on-line loadings showed an increase of 6.9% compared with an increase of only 2.8% from receipts from connections, the overall improvement for both being an increase of 3.6%.

The expansion of the Freight Traffic Department, which took place between February and July, played an important part in the increase in traffic. During this period, additional off-line offices were opened in Atlanta, Cincinnati, Montreal and San Francisco, while additions were made to the sales forces in important on-line offices at New York and Newark. This has strengthened solicitation not only for traffic to and from the New York and New Jersey metropolitan area, but also in the South, Canada, Midwest and the Pacific Coast.

On September 1, a compromise settlement was reached between the Eastern Railroads and the Western Railroads on transcontinental divisions. This settlement terminated a long period of litigation before the Interstate Commerce Commission and the courts over this matter. Under the settlement, the roads east of Chicago and the Mississippi River received an increase of about 19% in their proportion of the transcontinental revenue. This means about $150,000 a year additional revenue to CNJ based on 1965 traffic. The settlement of this matter paves the way for establishment of many new incentive rates that are expected to increase traffic, and which had been held up pending settlement of the divisions dispute.

Passenger

Passenger revenues amounted to $5,008,836 in 1965, a decrease of $278,230 from the preceding year. Additional accruals to income resulting from payments by the State of New Jersey under a contract to assist in maintaining passenger service amounted to $3,678,057 compared with $2,142,468 in 1964. During July and November the State paid $4,600,000 under the fiscal year contract ending June 30, 1966, of which one-half constituted a pre-payment for 1966 and will be included in 1966 accounts. The balance of $2,300,000 has been included in the 1965 accruals of $3,678,057.



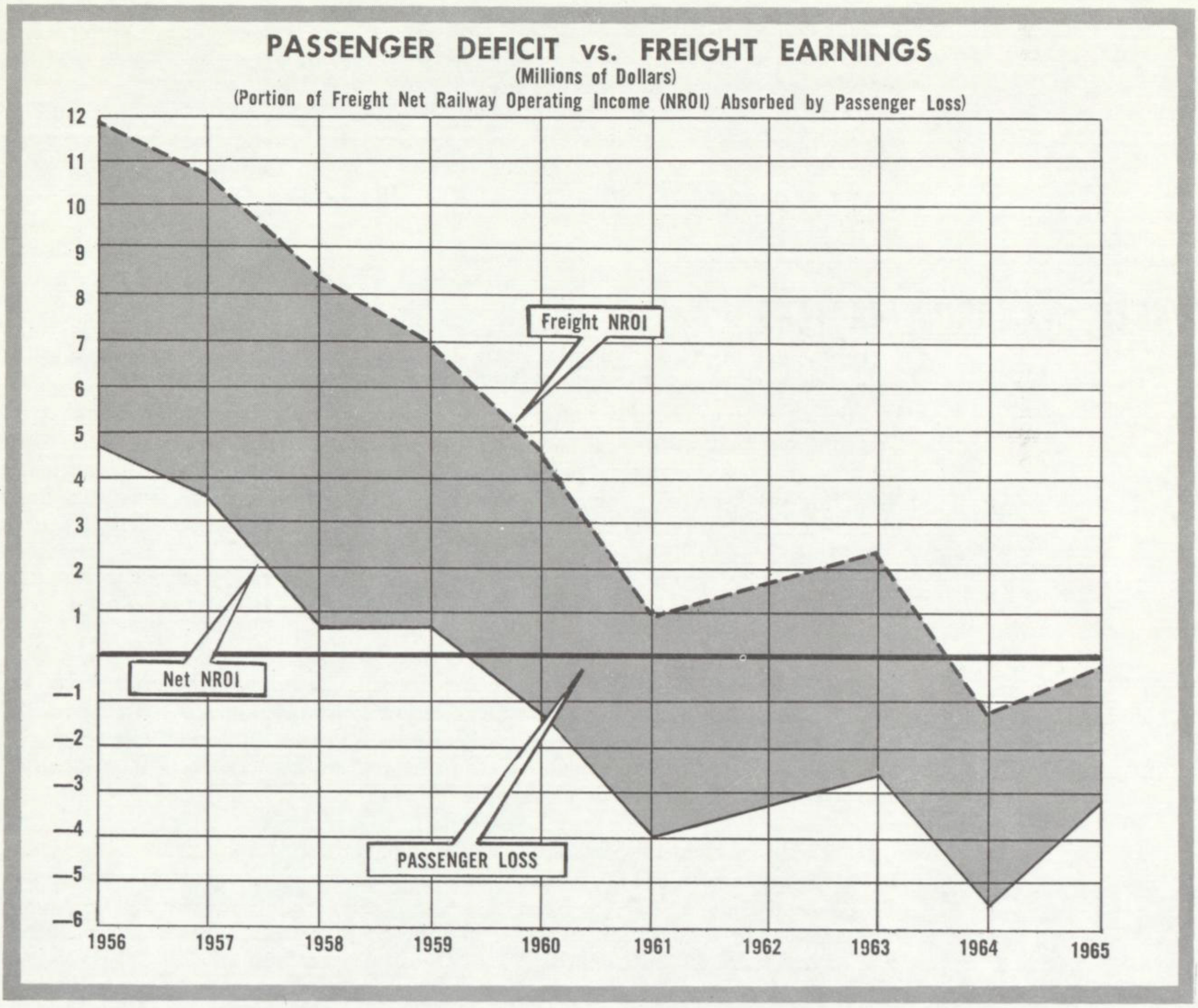
Mail revenue amounted to $442,311 compared with $1,004,062 in 1964, the decrease being attributable to the complete elimination of rail mail handling by the U. S. Post Office Department on this Railroad on June 26, 1965. Eighteen mail-carrying passenger trains were discontinued in whole or in part, but the savings effected, due to labor agreements involving displaced employees, fell about $500,000 a year short of the revenue loss.

Total passenger revenues from all sources, including State contract payments applicable to 1965, amounted to $9,129,496, an increase of $695,752 over the prior year.

Net loss in passenger service after State Contract payments decreased to $2,872,476 in 1965, compared with $4,152,599 in 1964.

The cash payment by the State of $4.6 million for the fiscal year ending June 30, 1966, compared with the $2.8 million authorized for the prior fiscal year represents an encouraging confirmation of State policy with respect to an increasing participation in the Company's passenger deficits.

A petition was filed on January 19, 1966, with the State Highway Commissioner



PASSENGER DEFICIT vs. FREIGHT EARNINGS
(Millions of Dollars)
(Portion of Freight Net Railway Operating Income (NROI) Absorbed by Passenger Loss)

of the State of New Jersey for the discontinuance of passenger train service on the Seashore Branch between Matawan and Atlantic Highlands, a distance of 11 miles. Annual savings, if discontinuance is approved, will amount to $295,000. A hearing on the application was held on February 14, 1966, but a decision has not yet been rendered.

Although the Aldene Plan, which provides for passenger service to be routed via the Lehigh Valley and Pennsylania railroads to Newark, there connecting with PATH (Hudson Tube system), is proceeding on schedule insofar as construction is concerned, implementation is not expected to take place until the Fall of 1966. The Port Authority has ordered a new fleet of cars to accommodate CNJ passengers, and delivery is scheduled beginning in September.

TAXES

Taxes paid to the State of New Jersey for 1965 amounted to $2,815,769,* equivalent to $6.43 a share on the Company's common stock outstanding.

Class I (right-of-way) and III (rolling stock, etc.) taxes were eliminated as of January 1, 1966. This will result in a reduction in our 1966 tax bill of about $550,000.

The New Jersey Commission on State Tax Policy has issued a report recommending reductions in Class II railroad taxes. It suggests the elimination of all Class II taxes relating to passenger service, and, when the State can make replacement revenues available to the municipalities, a further reduction in other Class II taxes, apparently designed to bring the CNJ's total State tax bill to approximately $1.5 million. The Commission's recommendations have not yet been put into the form of legislation, but it is hoped that the Legislature will authorize during the 1966 session a substantial reduction in Class II railroad taxes.

---

* before adjustment for prior years by Jersey City, amounting to $119,410.

WAGES and LABOR MATTERS

As a result of the National Work Rules case, settled last year, CNJ averaged approximately 115 fewer firemen and 39 fewer trainmen, resulting in savings of about $1,230,000. These savings were more than offset, however, by increases of $1.5 million incurred as the result of wage agreements negotiated in 1964. The total CNJ work force was reduced 2% in 1965, while its wage bill increased $983,297. Wage costs in 1965 amounted to 63.4 cents out of every revenue dollar, and costs of payroll taxes and health and welfare benefits added another 7.6 cents.

The issue involving interdivisional crew runs, which holds potential benefits both in dollars and in improved service, has not yet been settled by the Presidential Arbitration Board.

Both the firemen's award and the crew consist award, which resulted in the need for fewer firemen and trainmen, expired early in 1966, and the Brotherhoods of Locomotive Firemen and Enginemen and of Railroad Trainmen have already moved to reverse these decisions. Both of these problems will be decided nationally; how they will be resolved cannot now be forecast.

Under the settlements of 1964, most non-operating employees have received, effective January 1, 1966, an additional 9c-per-hour wage increase, costing the CNJ $600,000 more per year, less whatever further savings in employment may be achieved. In addition, an increase in railroad retirement taxes and the added cost of Medicare will add another $250,000 to wage costs in 1966.

On January 3, 1966, the Brotherhood of Locomotive Firemen and Enginemen served notice for a 25% increase in basic daily rates, plus an additional increase based on the cost-of-living index and other fringe benefit requests. As usual, these demands will be negotiated on a national basis.

During the year, agreements were consummated with labor organizations relating to coordination of operations and facilities of the CNJ, Lehigh Valley Railroad and Reading Company between Bethlehem and Franklin Junction, Pa., including CNJ's Allentown Yard, effective November 1, 1965.

Negotiations involving the effects of the Aldene Plan are in process.

INDUSTRIAL DEVELOPMENT

Thirty-one new industries, with an annual traffic potential of approximately 8,500 carloads, located on the CNJ during 1965. Fourteen industries expanded their facilities, with a potential of 2,900 cars; and four industries, with traffic of 387 cars, were lost.

In CNJ's Elizabeth Central District, Wakefern Food Corporation is steadily expanding its plant and its sales and is expected to double its carloadings over the next five years; Metal and Thermit Chemicals, Inc., is scheduled to be in operation in 1966.

The American Can Company, operating in Cliffwood, N. J., since 1964, plans to complete construction of 200,000 square feet of additional space by April, 1966;

this expansion is expected to more than double the 900 carloads that CNJ handled for American Can during the last 12-month period.

A plant for the Thatcher Glass Manufacturing Company on 44 acres in Wharton, N. J., scheduled for completion early in 1966, is expected to produce 1,700 carloads of traffic annually. At Keasbey, N. J., on our Raritan North Shore Branch, a 170,000-square-foot distribution center for the Minnesota and Ontario Paper Company (Mando Division of Boise Cascade Corp.) will also go into operation early in the year and should produce 400 cars annually.

The Woodbridge-Middlesex Industrial Park at Woodbridge, N. J., has acquired a warehouse for the D. H. Overmyer Warehouse Company and an installation of Reynolds Metal Company, with combined traffic potential of more than 2,500 cars annually.

The Mid-Monmouth Industrial Park at New Shrewsbury, N. J., has constructed 3,000 feet of track to serve Thompson Industries, Inc., with a traffic potential of 250 cars annually; the additional track will also serve other potential industries to be located at this site.

The Raritan Industrial Park at Raritan, N. J., secured its first rail-using industry in Colorguard Steel Company, and has under construction three additional 60,000-square-foot buildings for other potential prospects that will be served by rail.

The Turnpike Industrial Center at Carteret, N. J., has purchased the 370 acres of the remaining Shell Oil property in Woodbridge, served by CNJ, for development by rail-using industries.

PROPERTY SALES

Forty-nine parcels of land with an area of 106.5 acres were sold in 1965 for a total consideration of $1,019,708.

With the cooperation of the James Rice Associates who are developing CNJ's 174-acre industrial park in Rockaway, N. J., and Denville, N. J., there has been sold one parcel of land to the Vypak Corporation and an additional 14 acres is expected to be sold to another industry during the first half of 1966. Sales are at increasingly attractive prices and both industries will use rail freight.

MEADOWLAND PROPERTIES

Relying on the common law carried to this country from England and several recent court decisions which have extended the area heretofore thought covered, the State of New Jersey is claiming that it has title to all land in the State which, as evidenced by any official map, was at any time inundated at mean high tide, unless by State grant such title has been relinquished. As a result, a cloud exists on CNJ's valuable Elizabeth Meadows property, thus causing delay in its development and requiring the purchase from the State of a riparian grant in order to fully clear the title.

In 1964 legislation passed both houses of the Legislature which would have alleviated the hardships created by this situation but was vetoed by the Governor on the ground that he did not want to take such a step before reviewing the report of the Commission to Study Meadowland Development. This Commission's report was released in June of 1965, but the Governor was critical of some of its proposals.

The Legislature in 1965 again passed legislation designed to cure the problem. This bill defined riparian lands and limited the State's title to the beds of navigable waters, but was vetoed by the Governor on December 13, 1965, on the ground that he felt it to be unconstitutional. In his veto message, he stated his intention to request the Legislature to reconstitute the Commission to Study Meadowland Development in order for that Commission to develop specific recommendations toward a solution of this most important and vexing problem.

During the year, despite these difficulties, the Company sold three parcels of Meadowland property, totaling 21 acres, in Elizabeth.

OPERATIONS AND MAINTENANCE

While railway operating revenues increased 6% and actual carloads handled increased 3.6%, total railway operating expenses declined by almost $400,000. Expenses in the Transportation Department were only $158,000 higher than in 1964, even though total wage costs increased nearly $700,000 over the preceding year. The ratio of transportation expenses to operating revenues declined from 53.4 in 1964 to 50.7 in 1965.

Equipment rentals in 1965 were almost $1,100,000 higher than in 1964, due partly to recently instituted, multiple-level per diem rates (under which larger and more modern, and thus more expensive, cars from other railroads are being used more extensively on CNJ tracks) and partly to the fact that more than 20% of CNJ cars are in bad order. Except for moving foreign cars off the Central Railroad as expeditiously as possible, there is little the CNJ can do to reduce the higher per diem costs involved in handling the increasing number of high-cost cars purchased by other railroads. With the extensive car repair program now in progress, made possible by the sale of 704 box cars for $1,700,000 subject to a conditional sale repurchase agreement over a five-year period, CNJ is repairing 1,600 of its own freight cars and will reduce net equipment rental costs by not less than $300,000 in 1966 and $500,000 in 1967.

The Company spent $162,000 less on maintenance-of-way and structures in 1965 than in 1964, even though it had to absorb wage increases of more than $100,000.

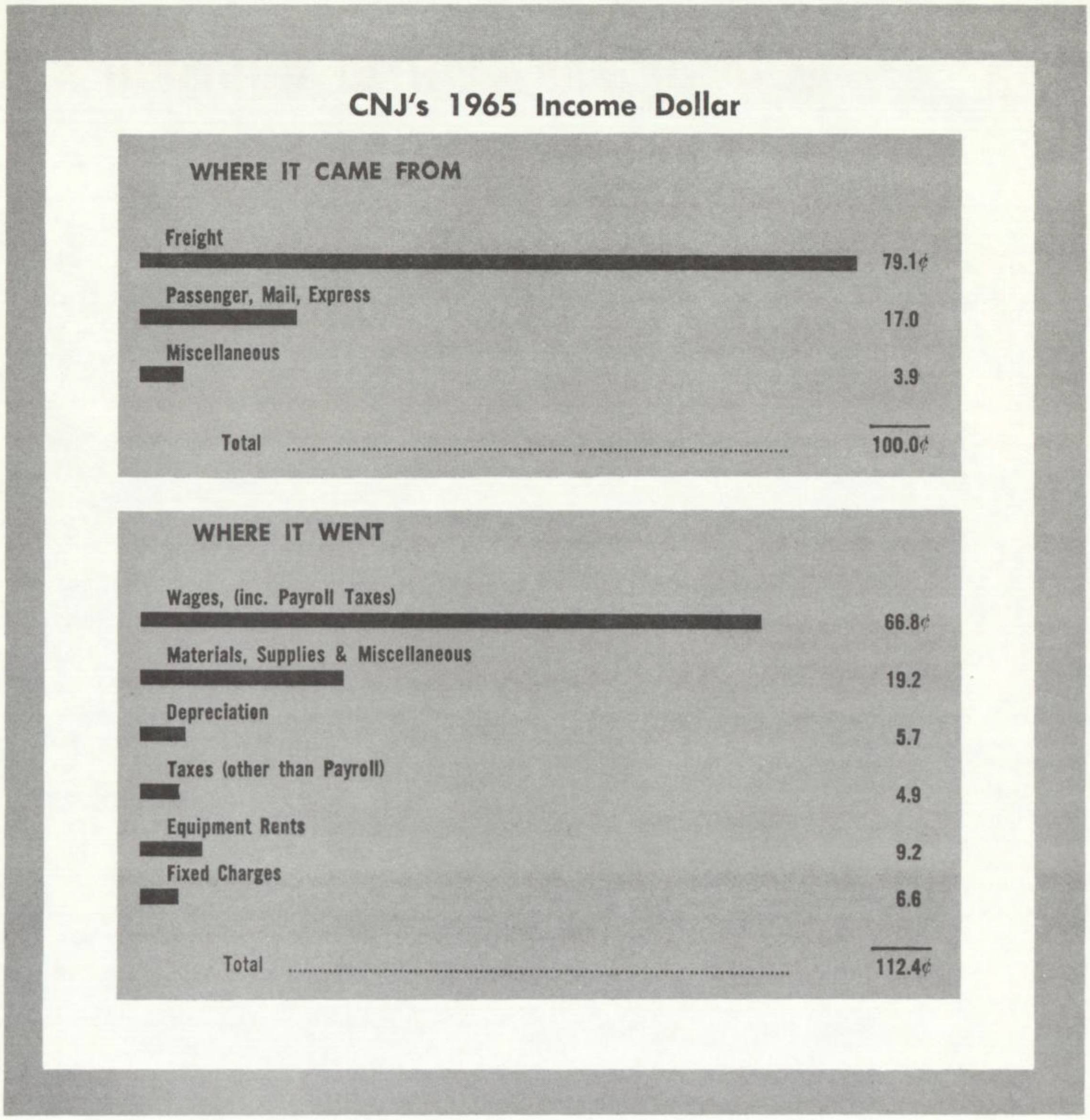
Maintenance of equipment costs were reduced 6%, or $600,000, in 1965. Twenty-four locomotives were given a complete general overhaul, and fifteen more were given heavy repairs.

After the last CNJ wooden ferry, failing to meet Coast Guard standards, was retired from service in May, only the *Elizabeth,* rebuilt as an all-steel vessel in 1951, remained serviceable. To supply service pending initiation of the Aldene Plan, the Company is continuing the operation of the two radar-and radio-equipped diesel electric ferryboats leased from the City of New York early in 1965.

CAPITAL EXPENDITURES

As described earlier in this report, during 1965 delivery was made of twelve new 2,500-horsepower diesel units accompanied by the retirement of twenty old 1,500-horsepower units which were used as down-payment for the new locomotives; the construction of a new channel and navigation light for Pier 18, permitting the accommodation of deep-draft, coal-handling barges, was completed; planned coordination with Lehigh Valley Railroad facilities in Pennsylania was instituted; single-track operation between Hampton and Phillipsburg was put into operation; and work connected with the Aldene Plan was progressed.

Eleven new gondola freight cars were acquired during the year, at a cost of $124,505, to replace destroyed equipment under equipment trusts.



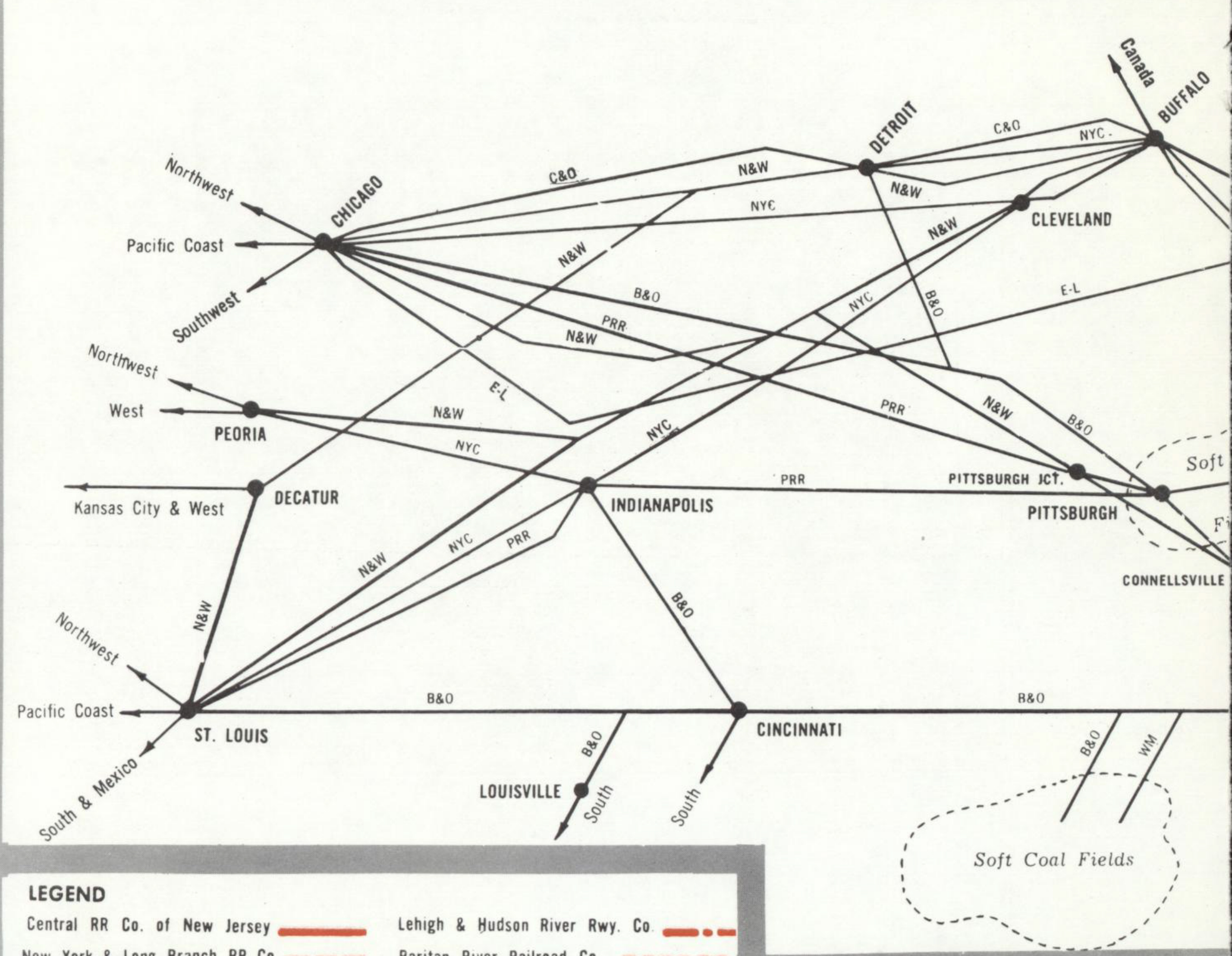
Automatic crossing-gates or other crossing protections were installed at five locations in New Jersey, upon order of the Public Utilities Commission, with the CNJ bearing 15% of the cost.

MERGERS

As reported in brief in the President's letter, the proposed Norfolk & Western-Chesapeake & Ohio merger involves a willingness to accept The Central Railroad Company of New Jersey, the Reading Company, the Erie-Lackawanna Railroad, the Delaware & Hudson Railroad, and the Boston & Maine Railroad as units of the combined system. Such acceptance is conditioned on (1) elimination of passenger losses; (2) provision for tax-carry-forward of the losses of the four deficit roads (excluding the D&H, which has been making a profit); and (3) no substantially adverse change in the financial condition of the roads prior to approval of the merger.

(Text continued on page 14)

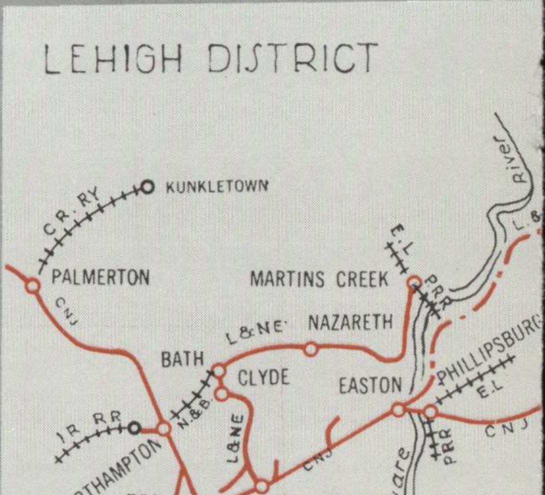
Map of The Central Railroad Company of Ne


Canada
BUFFALO
DETROIT
C&O
NYC
N&W
Northwest
CHICAGO
Pacific Coast
Southwest
CLEVELAND
B&O
E-L
PRR
Northwest
West
PEORIA
DECATUR
Kansas City & West
INDIANAPOLIS
PITTSBURGH JCT.
PITTSBURGH
CONNELLSVILLE
Soft
Northwest
Pacific Coast
ST. LOUIS
South & Mexico
CINCINNATI
LOUISVILLE
South
South
WM
Soft Coal Fields

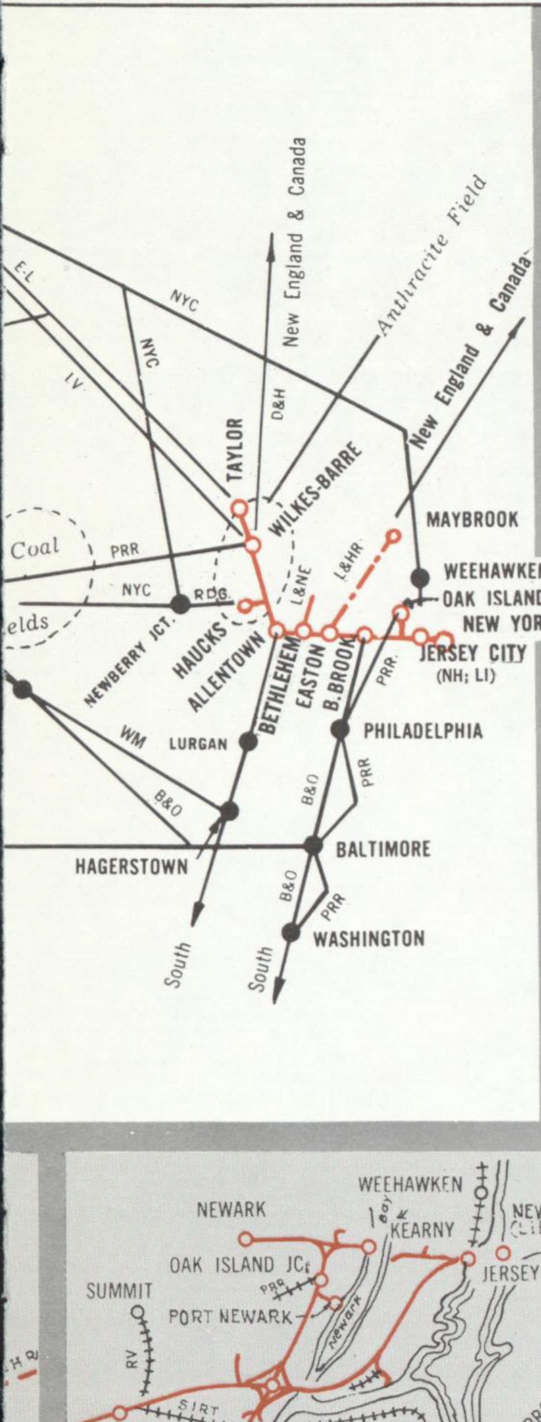
LEGEND

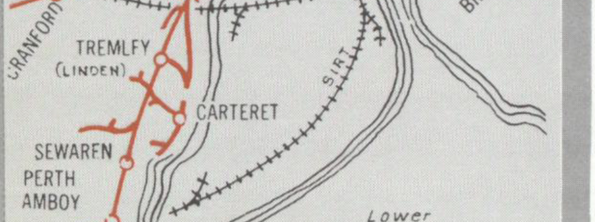
Central RR Co. of New Jersey ▬▬▬
New York & Long Branch RR Co. ▬ ▬ ▬
Lehigh & Hudson River Rwy. Co. ▬ · ▬
Raritan River Railroad Co. ▬ ▬ ▬ ▬

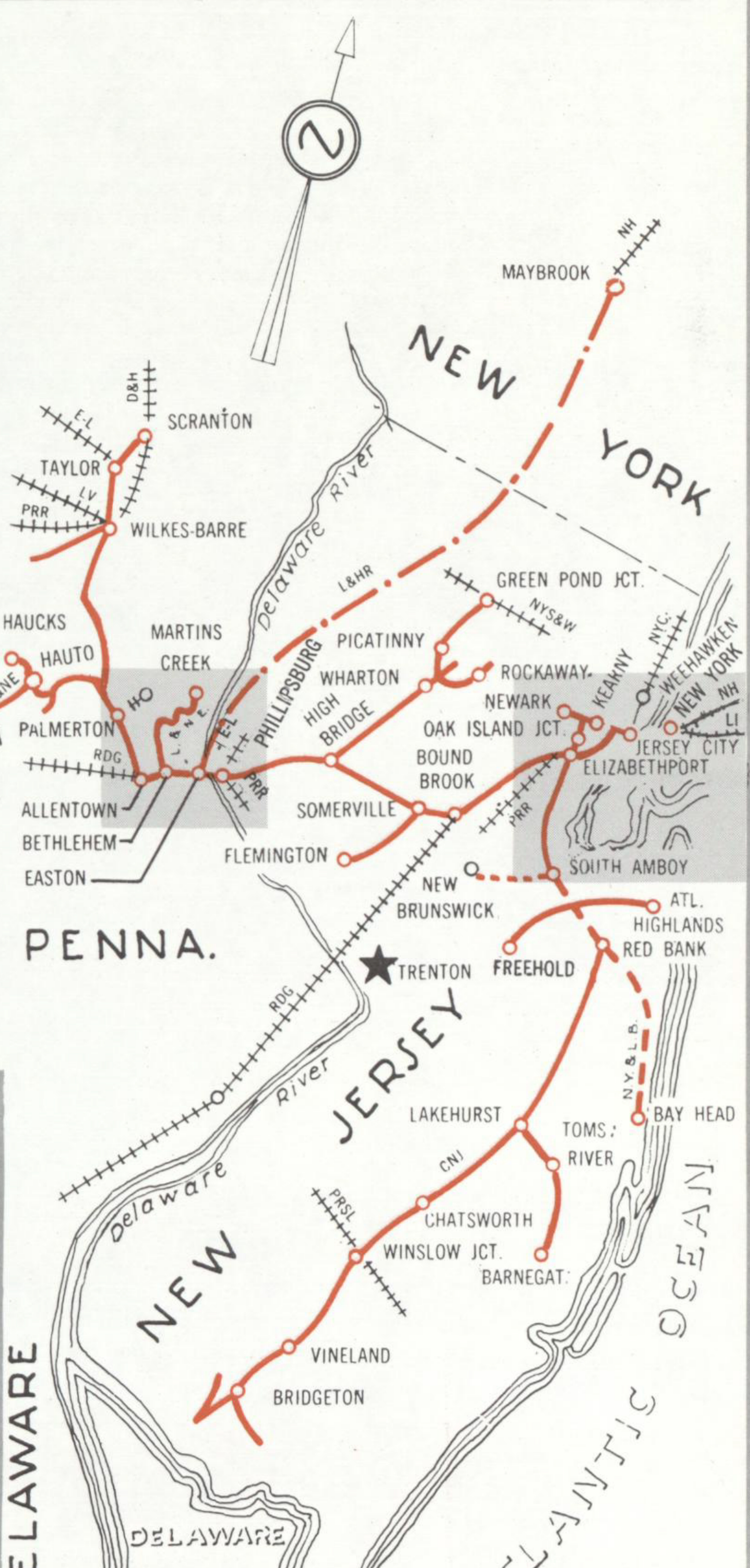
B&O—Baltimore & Ohio
C&O—Chesapeake & Ohio
CR Ry.—Chestnut Ridge Ry.
D&H—Delaware & Hudson
EJRR—East Jersey RR
E-L—Erie-Lackawanna
IRRR—Ironton RR
L&HR—Lehigh & Hudson River
L&NE—Lehigh & New England Rwy.
LI—Long Island RR
LV—Lehign Valley RR
N&B—Northampton & Bath
N&W—Norfolk & Western
NH—New Haven RR
NYC—New York Central
NY&LB—New York & Long Branch
NYS&W—N.Y. Susquehanna & Western
PRR—Pennsylvania RR
PRSL—Penn-Reading Seashore Line
RDG—Reading RR
RRRR—Raritan River RR
RV—Rahway Valley RR
SIRT—Staten Isl. Rapid Transit (B&O)
WM—Western Maryland Ry.


LEHIGH DISTRICT
C.R. RY
KUNKLETOWN
PALMERTON
CNJ
River
L. &
E-L
PRR
MARTINS CREEK
L&NE
NAZARETH
BATH
CLYDE
EASTON
PHILLIPSBURG
E-L
CNJ
I.R. RR
N&B
L&NE
NORTHAMPTON
RDG
ALLENTOWN
BETHLEHEM
PRR
Delaware

w Jersey -- Showing Principal Service Routes


E-L
NYC
IV
NYC
New England & Canada
Anthracite Field
New England & Canada
D&H
TAYLOR
WILKES-BARRE
L&HR
MAYBROOK
Coal
elds
PRR
NYC
RDG
L&NE
WEEHAWKEN
OAK ISLAND JCT.
NEW YORK
JERSEY CITY
(NH; LI)
NEWBERRY JCT.
HAUCKS
ALLENTOWN
BETHLEHEM
EASTON
B. BROOK
PRR
PHILADELPHIA
WM
LURGAN
B&O
B&O
PRR
HAGERSTOWN
BALTIMORE
B&O
PRR
WASHINGTON
South
South


WEEHAWKEN
Bay
NEWARK
NEW YORK
(Liberty St)
KEARNY
OAK ISLAND JCt
JERSEY CITY
PRR
SUMMIT
PORT NEWARK
Newark
RV
SIRT
BROOKLYN
CRANFORD
TREMLEY
(LINDEN)
SIRT
CARTERET
SEWAREN
PERTH
AMBOY
Lower
New York Bay
SOUTH
AMBOY
NY&LB
TERMINAL DISTRICT


N
NH
MAYBROOK
NEW
YORK
D&H
SCRANTON
E-L
TAYLOR
LV
PRR
WILKES-BARRE
Delaware River
L&HR
GREEN POND JCT.
NYS&W
HAUCKS
HAUTO
MARTINS
CREEK
PICATINNY
WHARTON
ROCKAWAY
L&NE
HO
L.N.E.
E-L
PHILLIPSBURG
HIGH
BRIDGE
NEWARK
KEARNY
NYC
WEEHAWKEN
NEW YORK
NH
LI
TAMAQUA
PALMERTON
OAK ISLAND JCT.
JERSEY CITY
RDG
PRR
BOUND
BROOK
ELIZABETHPORT
ALLENTOWN
SOMERVILLE
PRR
BETHLEHEM
FLEMINGTON
SOUTH AMBOY
EASTON
NEW
BRUNSWICK
ATL.
HIGHLANDS
PENNA.
RED BANK
TRENTON
FREEHOLD
RDG
NEW
JERSEY
River
NY&LB
LAKEHURST
BAY HEAD
TOMS
RIVER
CNJ
PRSL
CHATSWORTH
Delaware
WINSLOW JCT.
BARNEGAT
NEW
VINELAND
BRIDGETON
ATLANTIC OCEAN
DELAWARE
DELAWARE
BAY

In more detail, the proposal would merge The Central *Railroad* Company of New Jersey into a new corporation, The Central *Railway* Company of New Jersey, whose stock, along with that of the other four railroads, would be fully owned by a new subsidiary of N&W-C&O called Dereco. Dereco results would be consolidated with those of the parent company for tax purposes, but it would not be responsible for the existing debt of any of the five roads.

The proposal, as described by the railroads applying for merger, provides that Dereco, in addition to common stock owned by N&W-C&O, would issue two additional classes of stock — Class A for preferred stock of any of the five roads involved, and Class B for common stock. With specific reference to the CNJ, stockholders would be offered 15/100ths of a share of Class B stock (with a stated value of $130 per share and a priority over Dereco common) for each CNJ share. In addition, this Class B stock would be exchangeable, share for share, with N&W-C&O stock five years after the consummation of the merger.

The CNJ has not received any direct approach from the two railroads involved, but has filed a petition seeking inclusion in the proposed N&W-C&O system, without indicating acceptance or rejection of the Dereco proposal as such. The Board in due course will recommend to stockholders a position consistent with the best interests of the company.

By Order of the Directors
The Central Railroad Company of New Jersey
March, 1966

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

	Year ended Dec. 31 1965	 1964
Railway Operating Revenues:		
Freight:		
Merchandise	$ 33,472,954	$ 30,929,395
Anthracite	3,119,300	3,442,900
Bituminous	5,969,205	6,089,911
	$ 42,561,459	$ 40,462,206
Passenger, mail, express and other	11,249,365	10,320,492
Total	$ 53,810,824	$ 50,782,698
Railway Operating Expenses:		
Payrolls	$ 31,853,650	$ 31,119,260
Material, supplies and other expenses	11,614,358	12,645,288
Depreciation	3,086,715	3,148,904
Total	$ 46,554,723	$ 46,913,452
Net Revenue From Railway Operations	$ 7,256,101	$ 3,869,246
Charges to Net Revenue:		
Railway taxes:		
New Jersey property and franchise taxes	$ 2,656,804	$ 2,829,461
Payroll taxes	2,808,808	2,673,104
Other	15,571	96,861
	$ 5,481,183	$ 5,599,426
Hire of equipment and joint facility rents (net)	4,942,178	3,865,959
Total	$ 10,423,361	$ 9,465,385
Net Railway Operating Loss	$ 3,167,260	$ 5,596,139
Other Income:		
Rent of properties	$ 286,792	$ 888,291
Dividends	162,020	145,125
Interest	185,950	196,320
Sale of land and other items (net)	756,592	858,037
Total	$ 1,391,354	$ 2,087,773
	$ (1,775,906)	$ (3,508,366)
Fixed Charges:		
Rent of leased roads	$ 2,301,692	$ 2,298,563
Interest and amortization of discount on debt	2,625,853	2,482,666
Total	$ 4,927,545	$ 4,781,229
Net Loss	$ 6,703,451	$ 8,289,595
Retained Earnings at Beginning of Year	$ 25,212,005	$ 34,559,786
	$ 18,508,554	$ 26,270,191
Other debits (note 6)	None	1,058,186
RETAINED EARNINGS AT END OF YEAR	$ 18,508,554	$ 25,212,005

See accompanying notes to financial statements.

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

CONSOLIDATED BALANCE SHEET

Assets

	December 31 1965	 1964
Current Assets:		
Cash and temporary cash investments	$ 2,174,881	$ 4,834,883
Accounts receivable and unbilled revenue	5,607,978	4,832,529
Materials and supplies	2,096,040	2,329,509
Prepayments and working fund advances	507,885	624,279
Estimated salvage recoverable on retirements within one year (note 2)	1,515,712	100,241
	$ 11,902,496	$ 12,721,441
Special Funds:		
Funds for investment in properties or retirement of debt	$ 73,367	$ 145,400
Insurance and other deposits	209,383	209,200
	$ 282,750	$ 354,600
Investments and Advances at or Below Cost, (Substantially all pledged under General Mortgage):		
Affiliated companies (page 19)	$ 6,143,320	$ 5,378,739
Other (page 19)	843,392	2,417,222
	$ 6,986,712	$ 7,795,961
Properties less Depreciation and Amortization (notes 3 and 6)	$ 113,482,267	$ 113,719,546
Other Assets:		
Miscellaneous items in suspense	$ 771,783	$ 433,171
Estimated salvage recoverable on retirements	67,729	25,340
	$ 839,512	$ 458,511
	$ 133,493,737	$ 135,050,059

Liabilities and Shareowners' Equity

	1965	1964
Current Liabilities (excluding long-term debt due within one year)		
Loans and Notes Payable	$ 144,559	$ 394,500
Accounts payable	7,807,067	6,509,520
Employees vacation pay	2,084,000	2,106,000
Accrued payroll	1,644,861	2,139,614
Accrued taxes	388,124	406,094
Injury and damage claims	625,982	625,737
Other current liabilities	804,289	927,998
	$ 13,498,882	$ 13,109,463
Long-Term Debt Due Within One Year (page 18) (note 4)	3,733,056	2,649,845
	$ 17,231,938	$ 15,759,308
Long-Term Debt (page 18):		
Mortgage bonds (note 4)	$ 42,890,000	$ 42,890,000
Notes payable (notes 4 and 5)	17,985,000	18,770,000
Equipment trust obligations	884,000	1,545,000
Conditional sale agreements	4,916,010	1,308,059
	$ 66,675,010	$ 64,513,059
Other Liabilities:		
Personal injury claims	$ 913,528	$ 863,673
Miscellaneous liabilities and items in suspense	3,490,439	2,027,746
	$ 4,403,967	$ 2,891,419
Shareowners' Equity:		
Capital stock authorized 460,000 shares of $50 par value, issued 457,915 shares less 19,877 shares in treasury	$ 21,901,900	$ 21,901,900
Other paid-in Capital	4,772,368	4,772,368
Retained earnings (notes 5 and 6)	18,508,554	25,212,005
	$ 45,182,822	$ 51,886,273
	$ 133,493,737	$ 135,050,059

See accompanying notes to financial statements.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
SEVENTY PINE STREET
NEW YORK, NEW YORK 10005

To the Board of Directors and Shareowners
The Central Railroad Company of New Jersey:

We have examined the consolidated balance sheet of The Central Railroad Company of New Jersey and subsidiaries as of December 31, 1965 and the related statement of consolidated income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and retained earnings present fairly the financial position of The Central Railroad Company of New Jersey and subsidiaries at December 31, 1965 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

March 16, 1966

Notes To Financial Statements

1. Principles of Consolidation:

All 100% owned subsidiaries have been consolidated except one non-railroad company owning land and one small railroad company acquired in 1965. The Company's equity in the net assets of affiliated and other companies not consolidated as determined by the most recent unaudited statements available exceeds the net amount of investments and advances in such companies.

2. Estimated Salvage recoverable on retirements within one year:

The balance at December 31, 1965 of $1,515,712 of estimated salvage recoverable on retirements within one year included $1,260,000 due from a bank. This amount is to be paid $140,000 per month provided satisfactory evidence is supplied the bank that certain bad order cars as specified in the agreement are satisfactorily repaired during the period ended September 30, 1966.

3. Properties:

The investment in properties and the depreciation accrued are detailed on page 18.

Depreciation on road property has been provided in the accounts since January 1, 1943 in accordance with regulations issued and rates approved by the Interstate Commerce Commission. Prior to the date referred to above, no such provision was required by the Interstate Commerce Commission.

The company is obligated under certain freight car lease agreements covering 2,125 freight cars and expiring in 1968, 1969, 1971 and 1974. The aggregate rental under these leases for the year 1965 was $1,097,342 and the rentals for the next five years are approximately:

1966	$1,050,000
1967	1,000,000
1968	800,000
1969	395,000
1970	240,000

4. Long Term Debt, including Trust Indenture:

Of the balances of Long Term Debt due, $1,050,000 was to become payable July 1, 1965. However, under an order granted by the Interstate Commerce Commission, the payment of $525,000 has been deferred to July 1, 1966 and the remaining $525,000 to July 1, 1967.

The trust indenture provides that until the outstanding general mortgage bonds are reduced to $24,000,000:

(a) One-half of "available net income" for each year, as defined in the indenture, shall be applied to the retirement of outstanding bonds on or before April 1 of the following year. No payment will be required under this provision for 1965 as there was no "available net income".

(b) The remainder of "available net income" shall be applied first, for capital improvements for which funds are not available other than from the Capital Fund; second, to restore the Capital Fund to $2,500,000; and third, for any other corporate purpose. Net proceeds from sales of meadowland property also may be used to restore the Capital Fund to the above stated amount, and any such proceeds not so used are to be applied to the retirement of general mortgage bonds. If "available net income" for any year shall be a deficit, the amount of such deficit may, at the discretion of the Board of Directors, be carried forward and deducted in determining "available net income" in subsequent years. The amount of deficit available for carry forward at December 31, 1965 is $44,908,227.

5. Dividends:

Collateral Trust Agreements executed in connection with $20,000,000 of 5% Trust Notes contain certain restrictions on the declaration and payment of dividends. Under the most restrictive of these provisions no dividend may be declared without (a) the written consent of the Interstate Commerce Commission; (b) unless the Company's accumulated net income from January 1, 1961 exceeds the amount of proposed dividend.

6. In accordance with rules specified by the Interstate Commerce Commission, the carrying value of the Company's road property was adjusted to agree with the valuation figures maintained by the Bureau of Accounts of the Interstate Commerce Commission. The difference of $1,058,186 has been charged to retained earnings.

LONG TERM DEBT (including amounts due within one year)

Mortgage Bonds

Date of Issue	Date of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1965
July 1, 1949	July 1, 1987	Jan. and July	3¼%	$48,731,000	$42,890,000

Notes Payable

Date of Issue	Dates of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1965
Oct. 31, 1961	July 1, 1966-1976	Jan. and July	5%	$15,000,000	$13,950,000
Oct. 31, 1961	Feb. 1, 1966-Aug. 1, 1968		None	1,330,000	770,000
Mar. 15, 1963	Mar. 15, 1968	March and Sept.	4%	100,000	100,000
Dec. 1, 1963	Dec. 1, 1966-1978	June and Dec.	5%	5,000,000	5,000,000
Apr. 8, 1965	Jan. 1, 1968	April 8	4%	100,000	100,000
June 21, 1965	Jan. 1, 1968	June 21	4%	200,000	200,000
Oct. 1, 1965	Jan. 1, 1968	Oct. 1	4%	100,000	100,000
		Total	. . . .	$21,830,000	$20,220,000

Equipment Trust Obligations

Date	Equipment Securing Obligations	Interest Rate	Original Amount of Obligation	Unmatured and Outstanding Dec. 31, 1965
Aug. 1, 1951	22 Diesel Units	3%	$ 2,745,000	$ 183,000
Oct. 1, 1952	23 Diesel Units	3½%	2,895,000	386,000
Mar. 1, 1953	500 Box Cars	3⅝%	2,460,000	492,000
Apr. 1, 1954	4 Rail Diesel Coaches 7 Diesel Units	3⅛%	1,815,000	484,000
	Total	. . . .	$ 9,915,000	$ 1,545,000

Conditional Sale Agreements

Date	Equipment	Interest Rate	Original Amount of Obligation	Unmatured and Outstanding Dec. 31, 1965
Aug. 31, 1962	425 Gondola Cars	5½%	$ 765,000	$ 341,820
Feb. 1, 1963	474 Box Cars; 26 Cement Cars	5⅜%	1,780,350	959,530
May 5, 1965	12 Diesel Locomotives	4¾%	2,624,056	2,624,056
July 2, 1965	Office Furniture	5%	18,746	17,183
Oct. 1, 1965	704 Box Cars	5½%	1,760,000	1,760,000
Nov. 10, 1965	Office Furniture	5%	51,332	50,477
	Total	. . . .	$ 6,999,484	$ 5,753,066
		Grand Total		$70,408,066
		Less amount due within one year		3,733,056
				$66,675,010

Properties

	December 31, 1965	December 31, 1964
Transportation Property:		
Road and roadway structures	$ 90,353,356	$ 90,074,927
Equipment	54,795,023	58,407,489
Improvements on leased property	10,511,032	10,935,361
Miscellaneous physical property	2,471,482	2,436,684
Total	$158,130,893	$161,854,461
Allowance for depreciation and amortization:		
Roadway Structures	$ 13,522,006	$ 12,862,805
Equipment	29,277,475	33,379,175
Improvements on leased property	1,746,211	1,807,629
Miscellaneous physical property	102,934	85,306
Total	$ 44,648,626	$ 48,134,915
Net Investment in properties	$113,482,267	$113,719,546

INVESTMENTS IN AFFILIATED AND OTHER COMPANIES (EXCLUDING CONSOLIDATED SUBSIDIARIES)

Affiliated Companies

Stocks	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Allentown Terminal Railroad Company		50	$ 225,000	$ 225,000
Bay Shore Connecting Railroad Company		50	27,900	27,900
Communipaw Central Land Company		100	2,000	2,000
Dover and Rockaway Railroad Company		75	95,700	91,955
Mount Hope Mineral Railroad Company		68	109,300	224,233
New York and Long Branch Railroad Company		50	2,000,000	2,000,000
Railway Express Agency, Inc.		1	22,836	1,100
Raritan River Railroad Company — Common		100	25,000	25,000
Raritan River Railroad Company — Preferred			495,300	839,610
Total				$3,436,798
Bonds				
Allentown Terminal Railroad Company First Mortgage Gold Bonds	July 1, 1974		$ 212,000	$ 212,000
New York and Long Branch R.R. Co. 4% Cons. Mtge. Gold Bonds, Series "B"	Sept. 1, 1981		1,121,000	1,121,000
New York and Long Branch R.R. Co. 5% Cons. Mtge. Bonds, Series "A"	July 1, 1979		269,000	269,000
Total				$1,602,000
Notes				
Railway Express Agency, Inc. 5%			$ 318,071	$ 318,071
Advances				
Bay Shore Connecting Railroad Company				$ 9,655
Communipaw Central Land Company				364,513
New York and Long Branch Railroad Company				412,283
Total				$ 786,451
Total Affiliated Companies per consolidated balance sheet				$6,143,320

Other

Stocks				
Lehigh and Hudson River Railroad Company			$ 787,000	$ 748,287
Mortgages				
Mel - Nov Realty Co.			$ 90,000	$ 90,000
Bonds				
U.S. of A. Treasury — 2½% 1967-1972			$ 5,000	$ 5,105
Total Other Per Consolidated Balance Sheet				$ 843,392

EQUIPMENT as of December 31, 1965

Locomotives

Diesel-Electric		Number of Units	Average Weight (Tons)	Average Tractive Power
Road Freight	1500 H.P.	7 "A"	135.8	67,875
" "	1500 H.P.	2 "B"	133.9	66,932
General Utility	1000 H.P.	6	123.4	61,688
" "	1200 H.P.	4	121.4	60,700
" "	1500 H.P.	27	127.2	63,580
" "	1600 H.P.	30	125.6	62,787
" "	1600 H.P. (6 Motors)	15	180.1	90,057
" "	2400 H.P. (6 ")	13	192.2	96,082
" "	2500 H.P. (6 ")	12	193.4	93,790
Yard Switchers		47	114.8	57,405
Total		163	22,560.9	11,245,606
Average			138.4	68,991

Freight Cars

	Number			Total
	Owned	Leased	Total	Capacity (Tons)
Box	2,434	2	2,436	125,165
Coal	3	1,659	1,662	91,410
Gondola	491	384	875	59,939
Ore	8	—	8	560
Flat	19	80	99	7,085
Cement	1,080	—	1,080	77,861
Refrigerator		1	1	70
Caboose	85	—	85	—
Poling	5	—	5	—
Total	4,125	2,126	6,251	362,090

Passenger Cars

	Number
Coaches	204
Combination Passenger	17
Baggage & Express	20
Club	17
Diesel Rail Pass. Coaches	11
Total	269

Marine Department

	Number
Ferryboats	* 4
Tugboats	2
Open deck lighterage-scows	13
Steam hoist lighters	1
Covered barges	12
Car floats	8
Company service (misc.)	5
Total	45

* Inc. 2 leased from New York City

TRANSPORTATION STATISTICS

	Year 1965	Year 1964	Percent Increase
Train Miles:			
Freight	1,371,493	1,309,642	5
Passenger	1,469,719	1,620,716	# 9
Total revenue service	2,841,212	2,930,358	# 3
Work	8,838	8,561	3
Total train miles	2,850,050	2,938,919	# 3
Car Miles:			
Freight — loaded	40,759,730	41,058,036	# 1
Freight — empty	28,263,121	29,126,344	# 3
Total freight (including caboose)	70,340,423	71,524,616	# 2
Passenger	7,134,701	8,081,517	#12
Gross ton miles freight (thousands)	3,856,597	3,716,041	4
Net ton miles (thousands)	2,011,560	1,918,768	5
Freight Trains:			
Average net train load	1,467	1,465	—
Average gross train load	2,812	2,837	# 1
Freight Cars:			
Net tons per loaded car	49.4	46.7	6
Percent net to gross	52.2	51.6	1
Percent loaded to total car miles	59.0	58.5	1
Car miles per car day (of cars in service)	16.7	16.4	2
Net ton miles per car day (of cars in service)	487	441	10
Yard:			
Cars dispatched per yard engine hour	7.9	8.3	# 5
Cost of fuel and wages per car dispatched	$2.29	$2.26	1
Passenger Trains:			
Average cars per train	4.9	4.9	—
Cost of fuel and wages per train mile	$1.85	$1.72	8

# Denotes Reverse Figure

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

REVENUES

Years	Freight Revenue	Passenger Revenue	Mail Revenue	Express Revenue	Other Revenues	Total Operating Revenues
1965	$42,561,459	$5,008,836	$ 442,318	$ 292	$5,797,926	$53,810,824
1964	40,462,206	5,287,066	1,004,062	148	4,029,216	50,782,698
1963	42,482,077	5,324,610	1,418,274	9,732	3,457,713	52,692,406
1962	43,336,971	5,546,644	1,938,488	196,744	3,417,128	54,435,975
1961	39,921,607	5,525,466	1,932,685	384,486	3,365,053	51,129,297
1960	40,975,488	5,677,377	1,903,021	717,086	2,315,888	51,588,860
1959	43,070,361	5,720,196	1,940,606	650,774	1,628,410	53,010,347
1958	44,416,665	5,953,031	1,769,016	612,529	1,794,754	54,545,995
1957	49,560,929	6,348,210	1,463,442	785,466	2,034,993	60,193,040
1956	52,549,667	5,920,656	1,349,162	916,792	2,140,337	62,876,614

EXPENSES

Years	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Transportation	Miscellaneous Operations	General	Total Operating Expenses	Percentages of Expenses to Revenue	Net Revenue from Railway Operations
1965	$5,622,405	$ 9,285,434	$1,308,989	$27,280,383	$45,914	$3,011,598	$46,554,723	86.51	$ 7,256,101
1964	5,784,705	9,883,235	1,012,104	27,122,048	22,711	3,088,649	46,913,452	92.38	3,869,246
1963	5,977,175	8,739,000	944,603	26,910,103	20,890	2,642,027	45,233,798	85.84	7,458,608
1962	6,950,064	8,810,900	886,892	27,053,995	24,667	2,707,547	46,434,065	85.30	8,001,910
1961	6,017,105	8,500,538	910,971	25,847,691	22,012	2,632,823	43,931,140	85.92	7,198,157
1960	5,870,523	7,447,809	909,971	25,455,594	32,651	2,789,012	42,505,560	82.39	9,083,300
1959	6,258,073	9,176,325	918,062	25,713,235	52,037	2,789,676	44,907,408	84.71	8,102,939
1958	6,295,271	9,332,589	890,458	26,711,626	48,260	2,800,455	46,078,659	84.48	8,467,336
1957	7,019,570	10,558,340	947,338	27,063,265	37,760	2,816,512	48,442,785	80.48	11,750,255
1956	8,589,492	10,887,484	928,364	26,578,128	44,979	2,644,957	49,673,404	79.00	13,203,210

NET RAILWAY OPERATING INCOME, FIXED CHARGES AND NET INCOME

Years	Net Railway Operating Income	Other Corporate Income (Net)	Income Available For Fixed Charges	Fixed Charges	Net Income
1965	$3,167,260#	$1,391,354	$1,775,906#	$4,927,545	$6,703,451#
1964	5,596,139#	2,087,773	3,508,366#	4,781,229	8,289,595#
1963	2,646,789#	1,289,091	1,357,698#	4,720,921	6,078,619#
1962	3,473,978#	733,828	2,740,150#	4,725,668	7,465,818#
1961	4,060,033#	1,126,161	2,933,872#	4,167,176	7,101,048#
1960	1,369,773#	1,177,663	192,110#	4,100,919	4,293,029#
1959	537,179	795,545	1,332,724	4,171,283	2,838,559#
1958	495,952	1,839,709	2,335,661	4,240,302	1,904,641#
1957	3,436,628	856,629	4,293,257	4,250,562	42,695
1956	4,634,297	803,988	5,438,285	4,306,575	1,131,710

# Denotes Reverse Figure

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

REVENUE FREIGHT TRAFFIC STATISTICS

Years	Average Mileage Operated	Revenue Tons One Mile Per Mile of Road	Average Rate Per Ton Per Mile (Cents)	Revenue Freight Train Miles	Average Train Load (Revenue Tons)
1965	633.36	3,164,468	2.12	1,371,493	1,461
1964	633.50	3,021,381	2.11	1,306,664	1,465
1963	635.73	3,293,299	2.05	1,318,274	1,588
1962	635.73	3,302,967	2.06	1,326,800	1,583
1961	613.68	3,199,237	2.03	1,257,213	1,562
1960	606.48	3,221,397	2.09	1,259,420	1,551
1959	608.82	3,221,430	2.19	1,312,597	1,494
1958	612.09	3,149,414	2.30	1,299,438	1,484
1957	626.22	3,387,685	2.33	1,437,896	1,475
1956	627.11	3,873,976	2.16	1,573,569	1,544

REVENUE PASSENGER TRAFFIC STATISTICS

Years	Average Mileage Operated(*)	Passengers One Mile	Average Rate Per Passenger Per Mile (Cents)	Total Passenger Train Miles (X)	Total Passenger Train Miles Per Mile Road	Revenue Per Train Mile Passenger	
						Passengers Only	All Sources
1965	212.03	144,272,314	3.53	1,469,719	6,932	$3.46	$3.75
1964	263.59	152,343,766	3.47	1,620,716	6,149	3.26	3.92
1963	263.59	155,358,711	3.43	1,686,331	6,398	3.16	4.04
1962	263.59	163,398,466	3.39	1,730,448	6,565	3.21	4.45
1961	263.73	162,698,827	3.40	1,742,117	6,606	3.17	4.54
1960	264.56	174,710,147	3.25	1,751,493	6,620	3.24	4.78
1959	271.82	179,413,247	3.19	1,778,099	6,541	3.22	4.72
1958	276.42	205,667,764	2.89	1,929,100	6,979	3.09	4.36
1957	276.70	236,068,717	2.69	2,096,721	7,578	3.03	4.14
1956	276.70	234,915,052	2.52	2,122,425	7,670	2.79	3.88

(*) Excludes mileage exclusively for freight traffic.

(X) Including express trains.

TRACK MILEAGE (December 31, 1965)

	Miles of First Main Track	Miles of Additional Main Track	Miles of Yard Tracks & Sidings	Total All Tracks
Owned	415.85	149.36	417.31	982.52
Leased:				
Controlled through ownership of majority of capital stock . .	4.54	....	2.15	6.69
Not controlled	153.86	64.95	174.57	393.38
Trackage rights granted by other companies	59.11	44.05	29.16	132.32
Total miles of road operated	633.36	258.36	623.19	1,514.91

FREIGHT REVENUE BY COMMODITIES

Commodity

	1964		1965	
	Cars	**Revenue**	**Cars**	**Revenue**
Farm Products				
Grain	2,164	$ 210,233	1,609	$ 167,242
Field Crops	2,592	109,553	2,881	107,533
Livestock	6,378	194,433	5,569	164,003
Other	7,227	329,906	6,021	299,953
Total	18,361	844,125	16,080	$ 738,731
Forest Products	956	$ 47,869	1,135	$ 62,500
Fresh Fish, Other Marine Products	120	$ 4,641	135	$ 4,383
Metallic Ores				
Iron Ores	12,088	$ 765,219	12,940	$ 877,494
Zinc Ores	4,574	254,657	4,970	376,215
Other	5,785	492,819	4,522	396,032
Total	22,447	$ 1,512,695	22,432	$ 1,649,741
Coal				
Anthracite (Prepared)	44,844	$ 3,274,226	38,827	$ 2,961,232
Bituminous	140,357	6,093,582	138,727	6,056,465
Unprepared	19,864	191,803	15,376	160,516
Total	205,065	$ 9,559,611	192,930	$ 9,178,213
Crude Petroleum, Natural Gas, Gasoline	29	$ 1,367	144	$ 4,953
Nonmetallic Minerals, Except Fuels				
Crushed or Broken Stone	7,704	$ 332,131	8,464	$ 358,033
Sand or Gravel	16,957	1,401,736	20,750	1,611,573
Chemical or Fertilizer Minerals	4,694	480,151	4,600	527,213
Other	3,741	243,337	2,802	183,017
Total	33,096	$ 2,457,355	36,616	$ 2,679,836
Ordnance or Accessories	782	$ 123,793	838	$ 159,171
Food or Kindred Products				
Meat, Fresh or Chilled	3,257	$ 211,058	3,984	$ 270,890
Grain Mill Products	13,120	804,625	14,240	812,710
Malt Liquors	2,509	159,508	2,599	164,685
Soybean Oil or By-Products	2,916	263,612	2,949	295,791
Other	26,939	1,851,479	26,032	1,932,540
Total	48,741	$ 3,290,282	49,804	$ 3,476,616
Tobacco Products	272	$ 13,629	552	$ 25,651
Basic Textiles	2,193	$ 76,982	2,507	$ 97,651
Apparel	387	$ 21,380	388	$ 19,859
Lumber or Wood Products Except Furniture	14,192	$ 918,194	14,547	$ 958,858
Furniture or Fixtures	7,916	$ 266,577	9,653	$ 333,384
Pulp, Paper or Allied Products				
Pulp or Pulp Mill Products	4,217	$ 244,118	4,651	$ 290,458
Paper	22,520	1,287,139	23,284	$ 1,382,521
Fibreboard, Paperboard, Pulpboard	14,999	667,696	14,902	721,781
Sanitary Paper Products	6,635	173,934	6,442	189,572
Other	8.505	380,958	8,577	375,420
Total	56,876	$ 2,753,845	57,856	$ 2,959,752
Printed Matter	1,006	$ 85,570	1,053	$ 99,084
Chemicals or Allied Products				
Sodium, Potassium, Calcium	13,132	$ 1,699,388	13,998	$ 1,846,368
Industrial Gases	3,086	258,294	3,281	$ 297,975
Inorganic Pigments (Lead, Zinc, etc.)	3,361	261,081	3,069	239,476
Alcohols	3,054	230,545	2,725	225,733
Paints, Varnishes, Lacquers, Enamels	1,329	121,252	1,577	143,391
Plastic Materials	3,580	315,717	4,319	416,153
Other	27,607	2,704,590	28,357	2,834,254
Total	55,149	$ 5,590,867	57,326	$ 6,003,350

Commodity

	1964		1965	
	Cars	**Revenue**	**Cars**	**Revenue**
Petroleum or Coal Products				
Refined Petroleum Products	14,711	$ 1,218,908	13,609	$ 1,257,304
Other	6,455	365,264	5,526	382,448
Total	21,166	$ 1,584,172	19,135	$ 1,639,752
Rubber or Plastic Products	3,413	$ 138,338	3,924	$ 132,661
Leather or Leather Products	83	$ 5,667	73	$ 3,535
Stone, Clay, or Glass Products				
Glass Containers	6,056	$ 316,775	8,091	$ 381,457
Hydraulic Cement	26,811	2,330,091	29,949	2,632,184
Other	24,489	1,594,260	23,052	1,579,356
Total	57,356	$ 4,241,126	61,092	$ 4,592,997
Primary Metal Products				
Iron or Steel Plates	2,338	$ 178,727	3,201	$ 239,600
Iron or Steel Bars	2,185	243,165	2,432	304,903
Steel Piping and Fittings	1,508	106,849	1,689	117,822
Copper, Lead, Zinc, Brass	9,650	920,505	9,177	837,011
Other	9,394	726,073	8,841	685,441
Total	25,075	$ 2,175,319	25,340	$ 2,184,777
Fabricated Metal Products, Except Ordnance				
Metal Cans	2,241	$ 80,010	2,120	$ 88,285
Structural Iron or Steel	5,889	497,120	6,392	566,208
Other	3,778	220,846	4,122	261,914
Total	11,908	$ 797,976	12,634	$ 916,407
Machinery, Except Electrical	4,499	$ 340,192	5,459	$ 459,158
Electrical Machinery or Equipment	4,317	$ 212,278	5,256	$ 282,073
Transportation Equipment				
Motor Vehicles	2,898	$ 198,529	2,289	$ 134,963
Motor Vehicle Parts	3,952	220,363	5,622	293,354
Passenger Car Bodies	1,925	67,679	2,034	59,709
RR or Street Cars	882	44,786	1,062	54,042
Other	415	38,042	524	39,030
Total	10,072	$ 569,399	11,531	$ 581,098
Instruments or Photographic Goods	97	$ 6,134	115	$ 6,997
Misc. Products of Manufacturing				
Games or Toys	2,511	$ 109,833	3,331	$ 160,207
Other	1,426	83,249	1,464	68,206
Total	3,937	$ 193,082	4,795	$ 228,413
Waste or Scrap Materials				
Iron or Steel Scrap	9,191	$ 812,662	11,903	$ 1,532,390
Brass, Bronze, Copper Scrap	3,813	301,479	4,138	310,821
Textile Scrap	2,746	112,692	2,850	123,721
Paper Waste	4,241	197,350	4,365	189,747
Other	4,970	406,571	4,562	366,513
Total	24,961	$ 1,830,754	27,818	$ 2,523,192
Miscellaneous Freight Shipments	5,510	$ 236,154	4,765	$ 268,492
Containers,, Shipping, Returned Empty	1,236	$ 43,550	1,195	$ 37,651
Freight Forwarder Traffic	14,878	$ 581,833	15,377	$ 719,597
Shipper Association or Similar Traffic	11,781	$ 235,988	14,285	$ 298,028
Miscellaneous Mixed Shipments; Except Forwarder	6,535	$ 414,759	8,881	$ 552,022
GRAND TOTAL CARLOAD TRAFFIC	674,412	$41,175,503	685,671	$43,878,583
Less Than Carload Traffic		85,757		41,993
GRAND TOTAL CARLOAD & LCL TRAFFIC	674,412	$41,261,260	685,671	$43,920,576

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

Freight Traffic Staff at Newark General Office

ADDRESS: Gibraltar Building, 153 Halsey St., Newark, N.J. 07102
Telephone: (201) DElaware 3-1122; or (212) BArclay 7-9700 (New York City)

J. L. Barngrove, Jr., Vice President — Freight Traffic
W. J. Dickerson, Assistant to Vice President — Freight Traffic

MARKETING

A. L. Postlethwaite, Freight Traffic Manager
J. I. Hachtmann, Asst. Freight Traffic Manager
L. J. Evans, General Freight Agent
H. A. Rader, Asst. Freight Agent
R. R. Giles, Marketing Assistant

SALES AND SERVICE

V. L. Pernter, Freight Traffic Manager (New York)
J. J. Emerick, Coal Traffic Manager
E. P. Seiwert, Asst. Frt. Traffic Mgr. (Piggyback)
P. J. Turnbach, Coal Freight Agent
J. R. Pennington, Asst. General Freight Agent

Freight Traffic Offices Elsewhere

In addition to the staff at the Newark General Office (above) Central Railroad of New Jersey traffic offices are maintained in the cities listed below. These offices are eager to give every assistance to shippers. You can help us by urging your shipper friends to ask these offices about Central Railroad of New Jersey service. Or tell your nearest office about prospective business that comes to your attention. They will carry on from there, promptly, courteously and thoroughly.

ALLENTOWN, PENNSYLVANIA 18102
J. H. Weiss, Division Freight Agent
Passenger Station, CRRofNJ
Phone: (215) HEmlock 5-4721

ATLANTA, GEORGIA 30303
R. Douglas Callis, General Agent
932-933 Healey Building
Phone: (404) 524-7835

BOSTON, MASSACHUSETTS 02110
E. M. Hoare, General Agent
80 Federal Street
Phone: (617) 542-5320

BUFFALO, NEW YORK 14203
C. R. Everding, General Agent
532 Ellicott Square
Phone: (716) TL 4-1274

CHICAGO, ILLINOIS 60604
F. T. Burns, Jr., General Western Freight Agent
327 S. LaSalle St. — Room 522
Phone: (312) 427-6394

CINCINNATI, OHIO 45201
J. W. Twohig, General Agent
Room 1628, Carew Tower
Phone: (513) 381-3777

CLEVELAND, OHIO 44114
M. W. Arnold, General Agent
Room 407, Park Building
Phone: (216) 241-0968

ELIZABETH, NEW JERSEY 07201
J. J. Regan, Division Freight Agent
R. J. Benson, Asst. Division Freight Agent
405 Division Street
Phone: (201) 352-7500

MONTREAL, P.Q., CANADA
J. C. Powers, General Agent
Suite 932, Dominion Square Building
Phone: (514) 866-2675

NEW YORK, NEW YORK 10007
V. L. Pernter, Freight Traffic Manager
B. J. Strongin, General Agent
E. T. Libby, General Foreign Freight Agent
2780 Woolworth Building, 233 Broadway
Phone: (212) WOrth 2-1337

NORTHAMTON, PENNSYLVANIA 18067
B. M. Haberern, Division Freight Agent
1019 Main Street
Phone: (215) 262-6746

PHILADELPHIA, PENNSYLVANIA 19102
J. M. Gehring, Asst. General Freight Agent
Room 1610, Girard Trust Co. Building
1400 South Penn Square
Phone: (215) LOcust 3-7390

PITTSBURGH, PENNSYLVANIA 15222
W. J. Desmond, General Agent
Room 1102, Park Building
Fifth Avenue & Smithfield Street
Phone: (412) ATlantic 1-7405

ST. LOUIS, MISSOURI 63101
C. H. McNab, General Agent
2086 Railway Exchange Building
611 Olive Street
Phone: (314) CEntral 1-4760

SAN FRANCISCO, CALIFORNIA 94105
F. J. Scally, General Agent
Monadnock Building
681 Market Street
Phone: (415) 421-2192

CENTRAL RAILROAD COMPANY
OF
NEW JERSEY